

1972

ANNUAL REPORT

OF

The Belt Railway Company

of **CHICAGO**

FOR THE

YEAR ENDED DECEMBER 31, 1972

652.0973
B419a

THE BELT RAILWAY COMPANY OF CHICAGO

DIRECTORS

J. C. DAVIS, The Atchison, Topeka and Santa Fe Railway Co. . . . Chicago, Ill.
J. E. HAMER, Burlington Northern Inc. Chicago, Ill.
C. V. COWAN, The Chesapeake and Ohio Railway Co. Baltimore, Md.
H. S. VIERLING, Chicago & Eastern Illinois Railroad Co. . . . Chicago, Ill.
M. L. CASSELL, Chicago, Rock Island and Pacific Railroad Co. . . Chicago, Ill.
J. R. NEIKIRK, Erie Lackawanna Railway Co. Cleveland, Ohio
D. G. WOODEN, Grand Trunk Western Railroad Co. Detroit, Mich.
O. H. ZIMMERMAN, Illinois Central Gulf Railroad Co. Chicago, Ill.
R. E. BISHA, Louisville and Nashville Railroad Co. Louisville, Ky.
S. T. BROWN, Louisville and Nashville Railroad Co. (Monon Div.). Roanoke, Va.
R. F. DUNLAP, Norfolk and Western Railway Co. Roanoke, Va.
K. E. SMITH, Penn Central Transportation Co. Chicago, Ill.
J. D. BOND, Soo Line Railroad Co. Minneapolis, Minn.

EXECUTIVE COMMITTEE

H. S. VIERLING, Chairman

J. D. BOND - J. C. DAVIS - R. F. DUNLAP - O. H. ZIMMERMAN

OFFICERS

President and General Manager R. E. DOWDY
Vice President and Assistant General Manager. D. R. TURNER
Vice President and Chief Accounting Officer R. G. RUBINO
Secretary and Treasurer G. D. MORIARTY
General Counsel R. F. KOPROSKE
Assistant Secretary and Assistant Treasurer J. CHESTER

GENERAL OFFICES

6900 SOUTH CENTRAL AVENUE, CHICAGO, ILLINOIS 60638

ANNUAL MEETING - SECOND TUESDAY IN MAY

MAY 21 1973

Chicago, Illinois
May 8, 1973

To the Stockholders of
The Belt Railway Company of Chicago

The Annual Report of the company for the Year 1972, is hereby submitted.

The operating revenues for the company decreased during the year, reflecting the increased use of direct delivery operations by railroads in the switching district. The direct delivery usage of the Belt by the Owner Lines increased 4.8% in 1972.

With the decrease of 8.4% of cars handled by Belt power, a reduction of engine hours by 10.9% was accomplished, reflecting more efficient car handling. We feel strongly, by continuing to increase our efficiency, we will recapture some of the business lost in the past years.

Rail replacement during the year consisted of 489 tons of new and 400 tons of secondhand rail. In addition, there were 12,409 new cross ties and 159,968 feet B.M. of switch ties installed. Six new EMD 2000 H.P. locomotives were leased and placed in service in September. These units replaced eight older high maintenance locomotives.

During the year, arrangements were made to acquire the land and tracks we have leased for sixty years from the Clearing Industrial District, such acquisition to be accomplished through a land exchange requiring no cash outlay, and is expected to be finalized in early 1973.

The Board acknowledges the cooperation and contributions of the employees during the past year.

By order of the Board of Directors.

R. E. DOWDY

President and General Manager

REPORT OF OPERATIONS FOR YEAR 1972

REVENUES:

Total operating revenues for the year were \$18,974,217, a decrease of \$891,342 or 6 percent. Intermediate cars and local switch cars handled in Belt Separate Operation comprise the principal source of revenue. Intermediate cars handled decreased 15,942 or 4.7 percent; local loaded cars handled decreased 17,482 or 9.8 percent.

Demurrage charges decreased \$398,001 or 31.6 percent, principally due to the change in demurrage free days.

Direct delivery movements over the Belt increased by 42,305 cars or 4.8 percent.

OPERATING EXPENSES:

Gross expenses in 1972 were \$17,439,328, an increase of \$570,225 or 3.4 percent; higher wage rates amounted to \$1,358,119. The operating ratio increased from 90.60 to 97.64.

MAINTENANCE OF WAY AND STRUCTURES:

Gross expenses increased \$31,035 or 1.1 percent; that portion chargeable to Belt Railway Separate Operation decreased \$54,036 or 2.8 percent.

The increased expense was due principally to higher material cost. Force reductions were made to offset the cost of higher wages. The operating ratio increased to 13.36 from 12.93.

MAINTENANCE OF EQUIPMENT:

Gross expenses increased \$71,533 or 3.4 percent. That portion chargeable to Belt Railway Separate Operation increased \$59,794 or 3.3 percent.

Higher wage rates of \$86,134 coupled with increased material cost would have raised the gross expenses substantially, had force reductions not been made. Operating ratio increased from 12.36 to 13.58.

TRANSPORTATION:

Gross expenses increased \$287,004 or 2.7 percent; that portion chargeable to Belt Railway Separate Operation increased \$109,807 or 1.3 percent. Economies effected during the year reduced the impact of higher wage rates, which amounted to \$1,055,204. Operating ratio increased to 62.98 from 58.46.

GENERAL:

Gross expenses increased \$182,545 or 13.25 percent; that portion chargeable to Belt Railway Separate Operation increased \$61,656. Operating ratio increased to 7.66 from 6.78.

RAILWAY TAX ACCRUALS:

Increase of \$70,089 was principally due to increased Railroad Retirement taxes of \$117,222 and Federal Income Tax accrual of \$73,404, partially offset by an adjustment of accruals for general property taxes of \$122,547.

JOINT FACILITY RENT INCOME:

The increase of \$1,723,397 reflects principally in the Belt Separate Operation deficit billed against the proprietary roads, offset by adjustments allowed proprietary roads covering property taxes billed in prior years.

HIRE OF FREIGHT CARS:

Increase of \$615,688 was due to non-recurring retro-active time-mileage collections of \$515,230 in 1971, and greater volume of higher-rated per diem cars handled in 1972.

RAIL TO WATER TRANSFER OPERATION:

Rail to water transfer commenced operation April 3rd and closed December 18th. In the year 1971 the operation started March 15th and closed December 13th. Coal tonnage handled over the facility during 1972 totaled 5,120,451 tons compared to 5,585,823 tons in 1971, a decrease of 465,372 tons or 8.3 percent.

The reduced usage of the facility reflects the effect of ecological changes implemented during the past year, on the burning of high sulphur coal.

ADDITIONS AND BETTERMENTS:

Additions and Betterments are indicated in detail on Pages 12 and 13.

BELT INDUSTRIES:

During the year fifteen new industries were located and fifteen vacated, compared with twenty-two located and thirty-nine vacated in 1971.

The Bedford Industrial Park Venture, in which the Belt is a partner, is proceeding satisfactorily with the completion and leasing during the year of five buildings, totaling more than 350,000 square feet. The five buildings have been leased to Burry Biscuit Division of Quaker Oats, General Electric, Lowery Electronics, Bristol Meyers and Whitestone Products Division of IPCO Hospital Supply Corporation. Present planning contemplates the building of three structures in 1973.

INCOME STATEMENT

	1972	1971	Increase or (Decrease)
RAILWAY OPERATING REVENUES:			
Intermediate switching	\$ 4,953,564	\$ 4,864,790	\$ 88,774
Local switching	8,094,066	8,689,611	(595,545)
Demurrage	862,831	1,260,832	(398,001)
Rents of buildings and other property . .	290	480	(190)
Miscellaneous	63,466	49,846	13,620
Joint facility - Cr.			
Total railway operating revenues	\$13,974,217	\$14,865,559	\$ (891,342)
RAILWAY OPERATING EXPENSES:			
Maintenance of way and structures	\$ 1,867,296	\$ 1,921,332	\$ (54,036)
Maintenance of equipment	1,896,999	1,837,205	59,794
Traffic	8,965	9,988	(1,023)
Transportation-Rail line	8,800,676	8,690,869	109,807
General	1,070,251	1,008,595	61,656
Total railway operating expenses	\$13,644,187	\$13,467,989	\$ 176,198
(Detail pages 16-19)			
Net revenue from railway operations	\$ 330,030	\$ 1,397,570	\$ (1,067,540)
Operating ratio	97.64	90.60	7.04
RAILWAY TAX ACCRUALS:			
General property	\$ 511,600	\$ 634,147	\$ (122,547)
Federal Income	73,404	-	73,404
Retirement	1,075,823	958,601	117,222
Unemployment	205,245	211,456	(6,211)
Other	24,604	16,383	8,221
Total railway tax accruals	\$ 1,890,676	\$ 1,820,587	\$ 70,089
Railway operating income	\$(1,560,646)	\$ (423,017)	\$(1,137,629)
RENT INCOME:			
Rent from locomotives	\$ 8,470	\$ 12,614	\$ (4,144)
Rent from work equipment	2,642	2,467	175
Joint facility rent income	3,760,002	2,036,605	1,723,397
Total rent income	\$ 3,771,114	\$ 2,051,686	\$ 1,719,428
RENTS PAYABLE:			
Hire of freight cars-Debit balance	\$ 773,539	\$ 157,851	\$ 615,688
Rent for locomotives	56,161	-	56,161
Rent for work equipment	-	-	-
Joint facility rents	107,082	121,075	(13,993)
Total rents payable	\$ 936,782	\$ 278,926	\$ 657,856
Net rents	\$ 2,834,332	\$ 1,772,760	\$ 1,061,572
Net railway operating income	\$ 1,273,686	\$ 1,349,743	\$ 76,057

INCOME STATEMENT - CONCLUDED

	1972	1971	Increase or (Decrease)
OTHER INCOME:			
Income from lease of road and equipment . .	\$ 36,268	\$ 31,731	\$ 4,537
Miscellaneous rent income	247,657	241,807	5,850
Income from non-operating property:	39,814	33,871	5,943
Interest income	68,954	64,473	4,481
Income from sinking and other reserve funds	113,780	101,522	12,258
Miscellaneous income	436,540	340,325	96,215
Total other income.	\$ 943,013	\$ 813,729	\$ 129,284
Total income.	\$2,216,699	\$2,163,472	\$ 53,227
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Miscellaneous rents	\$ 143	\$ 446	\$ (303)
Miscellaneous tax accruals.	82,500	83,853	(1,353)
Miscellaneous income charges.	37,987	102,617	(64,630)
Total miscellaneous deductions.	\$ 120,630	\$ 186,916	\$ (66,286)
Income available for fixed charges. . . .	\$2,096,069	\$1,976,556	\$ 119,513
FIXED CHARGES:			
Rent for leased roads and equipment	\$ 69,117	\$ 69,130	\$ (13)
Interest on funded debt	1,758,185	1,762,464	(4,279)
Amortization of discount on funded debt . .	4,971	4,972	(1)
Total fixed charges	\$1,832,273	\$1,836,566	\$ (4,293)
Income after fixed charges.	\$ 263,796	\$ 139,990	\$ 123,806
EXTRAORDINARY AND PRIOR PERIOD ITEMS:			
Extraordinary items (net)	-	-	-
Federal Income taxes	-	-	-
Total extraordinary & prior period items	-	-	-
Net income transferred to Retained Income.	\$ 263,796	\$ 139,990	\$ 123,806

RETAINED INCOME - UNAPPROPRIATED

Credit balance January 1, 1972	\$1,890,846
Amount transferred from income - Year 1972	263,796 *
Credit balance December 31, 1972	\$2,154,642

* Non-related terminal income under Public Law 87-870

BALANCE SHEET ASSETS

	December 31, 1972	December 31, 1971	Increase or (Decrease)
CURRENT ASSETS:			
Cash	\$ 7,372	Cr. \$ 2,659	\$ 10,031
Temporary cash investments	1,644,256	1,748,429	(104,173)
Special deposits	1,655	532	1,123
Traffic and car-service balances-Dr.	230,489	367,263	(136,774)
Net balance receivable from agents and conductors	160,124	-	160,124
Miscellaneous accounts receivable	2,149,873	1,736,880	412,993
Interest and dividends receivable	-	-	-
Accrued accounts receivable	832,024	1,383,996	(551,972)
Working fund advances	2,040	2,040	-
Prepayments	123,823	102,523	21,300
Material and supplies	681,855	668,912	12,943
Total current assets	\$ 5,833,511	\$ 6,007,916	\$ (174,405)
SPECIAL FUNDS:			
Sinking funds	\$ -	\$ -	\$ -
Capital and other reserve funds	2,826,411	2,332,514	493,897
Insurance and other funds	24,720	23,152	1,568
Total special funds	\$ 2,851,131	\$ 2,355,666	\$ 495,465
PROPERTIES:			
Road (See page 12)	\$30,045,055	\$30,193,122	\$ (148,067)
Equipment (See pages 11 and 13)	6,068,055	6,874,289	(806,234)
Construction work in progress	26,582	28,569	(1,987)
Improvements on leased property	41,544	41,167	377
Total transportation property	\$36,181,236	\$37,137,147	\$ (955,911)
Accrued depreciation - Road and equipment	(7,897,394)	(8,216,084)	(318,690)
Total transportation property less recorded depreciation and amortization	\$28,283,842	\$28,921,063	\$ (637,221)
Miscellaneous physical property	6,701,808	6,848,797	(146,989)
Total properties less recorded depreciation and amortization	\$34,985,650	\$35,769,860	\$ (784,210)
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets	\$ 373,081	\$ 364,121	\$ 8,960
Unamortized discount on long term debt	73,314	78,284	(4,970)
Other deferred charges	254,862	242,627	12,235
Total other assets and deferred charges	\$ 701,257	\$ 685,032	\$ 16,225
Total assets	\$44,371,549	\$44,818,474	\$ (446,925)

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1972	December 31, 1971	Increase or (Decrease)
CURRENT LIABILITIES:			
Audited accounts and wages payable. . .	\$ 726,456	\$ 1,168,045	\$ (441,589)
Miscellaneous accounts payable.	129,522	54,319	75,203
Interest matured unpaid	1,388	532	856
Unmatured interest accrued.	529,273	555,485	(26,212)
Accrued accounts payable.	94,871	81,639	13,232
Federal income taxes accrued.	64,000	-	64,000
Other taxes accrued	913,061	1,019,649	(106,588)
Other current liabilities	46,022	157,400	(111,378)
Total current liabilities	\$ 2,504,593	\$ 3,037,069	\$ (532,476)
LONG-TERM DEBT DUE WITHIN ONE YEAR:			
Equipment obligations and other debt. (A)	\$ 827,500	\$ 827,500	\$ -
LONG-TERM DEBT:			
First Mortgage 4-5/8% Sinking Fund Bonds, Series A, due August 15, 1987.	\$29,028,000	\$29,800,000	\$ (772,000)
Equipment obligations	263,125	345,625	(82,500)
Amounts payable to affiliated companies	6,115,775	5,370,775	745,000
Total long-term debt.	\$35,406,900	\$35,516,400	\$ (109,500)
OTHER LIABILITIES AND DEFERRED CREDITS:			
Other liabilities	\$ 95,527	\$ 100,337	\$ (4,810)
Other deferred credits.	32,387	96,322	(63,935)
Total other liabilities and deferred credits.	\$ 127,914	\$ 196,659	\$ (68,745)
SHAREHOLDERS' EQUITY:			
Capital Stock issued - Common . . (B)	\$ 3,120,000	\$ 3,120,000	\$ -
Capital surplus:			
Paid-in surplus	230,000	230,000	-
Retained income - Unappropriated. . .	2,154,642	1,890,846	263,796
Total shareholders' equity.	\$ 5,504,642	\$ 5,240,846	\$ 263,796
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$44,371,549	\$44,818,474	\$ (446,925)

(A) Includes \$745,000 representing one year's Sinking Fund requirement.

(B) Owned one-thirteenth each - AT&SF, C&O, C&EI, BN, CRI&P, Erie Lackawanna, GTW, ICG, L&N, L&N-Mon Div., N&W, Penn Central, Soo Line.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31	1972	1971
<u>Source of Funds</u>		
Net income	\$ 263,796	\$ 139,990
Depreciation	465,158	476,270
Transportation property retired (non-depreciable) . .	200,656	807,495
Funds provided by operations	929,610	1,423,755
Transportation property retired (depreciable) . . .	856,381	139,344
Less, service value charged to depreciation reserve.	(783,848)	(87,711)
Miscellaneous physical property sold (book value) . .	146,989	24,521
Advances received from affiliated companies.	745,000	745,000
TOTAL.	\$1,894,132	\$2,244,909
<u>Application of Funds</u>		
Additions to transportation properties	\$ 101,126	\$ 237,604
Long term debt (First Mortgage Bonds) reduced. . . .	772,000	722,000
Equipment obligations reduced.	82,500	82,500
Increase in capital and other special funds.	495,465	867,886
Increase in other assets and deferred charges. . . .	16,225	52,663
Decrease in other liabilities and deferred credits .	68,745	2,742
Increase in working capital.	358,071	229,514
TOTAL.	\$1,894,132	\$2,244,909
<u>Increase (decrease) in Working Capital</u>		
<u>Current Assets:</u>		
Cash and short-term investment funds	\$ (93,019)	\$ 174,984
Receivables and accruals	(115,629)	(2,352)
Prepayments.	21,300	(88,552)
Material and supplies.	12,943	121,448
	(174,405)	255,528
<u>Current Liabilities:</u>		
Payables and accruals.	378,510	161,880
Federal income taxes accrued	(64,000)	-
Other taxes accrued.	106,588	(67,217)
Other current liabilities.	111,378	(120,677)
	532,476	(26,014)
Increase in Working Capital	\$ 358,071	\$ 229,514

EQUIPMENT OWNED

	On Hand Dec. 31, 1971	Changes During Year		On Hand Dec. 31, 1972
		Added	Retired	
Locomotives:				
Diesel - Switching (A) units . . .	45		7	38
" " (B) units . . .	7			7
Total	52		7	45
Freight-train Cars:				
Caboose	29			29
Box	1			1
Total	30			30
Work Equipment:				
Flat cars	4			4
Gondola cars	2			2
Truck car	1			1
Refrigerator car	1			1
Instruction car	1			1
Wrecking derrick	1			1
Tool cars	2			2
Jet snow blower	1			1
Commissary cars	2			2
Jordan spreader	1			1
Burro crane	1			1
Total	17			17
Miscellaneous Equipment:				
Service trucks	24	3	6	21
Station wagons	4	1	-	5
Utility trailers	4	-	-	4
4 Door sedans	5	3	1	7
Carryall	1	-	-	1
Vac-all cleaning machine	1	-	-	1
Total	39	7	7	39

ROAD AND EQUIPMENT PROPERTY

	Balance December 31, 1971	1972		Balance December 31, 1972
		Additions & Better- ments	Retire- ments	
ROAD:				
Engineering	\$ 666,007	\$ -	\$ 2,618	\$ 663,389
Land for transportation purposes	9,934,177	-	129,245	9,804,932
Grading	4,398,477	-	387	4,398,090
Bridges, trestles and culverts	1,918,458	-	-	1,918,458
Ties	1,018,389	3,112	15,761	1,005,740
Rails	2,580,291	3,578	14,469	2,569,400
Other track material	2,151,307	10,176	13,148	2,148,335
Ballast	588,512	515	6,066	582,961
Track laying and surfacing . .	1,036,650	9,708	17,906	1,028,452
Fences, snowsheds and signs .	7,843	5,240	-	13,083
Station and office buildings	1,195,160	-	2,397	1,192,763
Roadway buildings	91,421	-	-	91,421
Water stations	66,317	-	-	66,317
Fuel stations	65,376	-	-	65,376
Shops and engine houses . . .	696,739	9	533	696,215
Wharves and docks	40,369	-	-	40,369
Communication systems	257,682	19,327	2,587	274,422
Signals and interlockers . . .	1,510,107	(15)	230	1,509,862
Power Plants	50,495	-	-	50,495
Power-transmission systems . .	124,309	-	-	124,309
Miscellaneous structures . . .	70,244	-	-	70,244
Roadway machines	403,186	2,908	228	405,866
Roadway small tools	13,567	118	-	13,685
Public improvements- construction	702,727	(3)	-	702,724
Other expenditures- road . . .	524	-	-	524
Shop machinery	234,030	2,835	-	236,865
Power plant machinery	370,758	-	-	370,758
TOTAL ROAD	\$30,193,122	\$57,508	\$205,575	\$30,045,055

ROAD AND EQUIPMENT PROPERTY--CONCLUDED

	Balance December 31, 1971	1972		Balance December 31, 1972
		Additions & Better- ments	Retire- ments	
EQUIPMENT:				
Diesel locomotives	\$ 6,272,503	\$ -	\$ 833,039	\$ 5,439,464
Freight-train cars	239,219	-	-	239,219
Work equipment	132,668	176	159	132,685
Miscellaneous equipment	229,899	45,052	18,264	256,687
TOTAL EQUIPMENT	\$ 6,874,289	\$ 45,228	\$ 851,462	\$ 6,068,055
TOTAL ROAD AND EQUIPMENT	\$37,067,411	\$105,994	\$1,060,295	\$36,113,110

FUNDED DEBT

First Mortgage Bonds issued by Bankers
Trust Company, New York, Trustee:

Total amount authorized \$75,000,000

Sinking Fund Bonds 4 5/8%, Series "A," issued
August 15, 1962, due August 15, 1987:

For purchase of properties formerly leased from the
Chicago and Western Indiana Railroad Company \$36,662,852

Expended for financing expenses and for additions
and betterments subsequent to August 15, 1962 . . . 587,148

TOTAL ISSUED \$37,250,000

Less: Redeemed and cancelled \$ 7,450,000
Redeemed and held by or for Company 27,000 7,477,000

TOTAL OUTSTANDING AT DECEMBER 31, 1972 \$29,773,000

MILEAGE OF TRACK OPERATED

	1972				
	First Main	Second Main	Other Mains	Yard Tracks and Sidings	Total
Owned by The Belt Railway Co.:					
Cragin to South Chicago including Clearing Yard	27.16	25.60	-	294.65	347.41
Leased from other companies:					
Chicago, Peoria & Western (Argo)	-	-	-	.52	.52
Clearing Industrial District (North) . .	-	-	-	12.88	12.88
Clearing Industrial District (South) . .	-	-	-	3.57	3.57
Total	-	-	-	16.97	16.97
Trackage rights received from other companies:					
C. & W.I. R.R. Co.					
80th St. to Pullman Jct.	3.56	3.47	-	.03	7.06
Pullman Jct. to South Deering	2.68	2.68	2.54	.38	8.28
South Deering to Burnham	4.76	4.76	.67	3.83	14.02
C.R.I. & P. Ry. - South Chicago	-	-	-	1.57	1.57
Penn Central - South Chicago	-	-	-	.09	.09
I.H.B.R.R. - 55th to Elsdon	1.41	1.40	-	-	* 2.81
B.&O.C.T.R.R.-Clearing to Proviso . . .	9.05	8.09	-	13.70	30.84
B.&O.C.T.R.R. Southwest Division (Cicero District)	-	-	-	6.08	6.08
N & W Railway - Ford Yd. & Lead	-	-	-	1.26	1.26
Calumet Western R.R.-112th to 116th . .	.51	-	-	-	.51
Penn Central & I.H.B. R.R. (Joint) 116th to 117th.	.11	-	-	-	.11
Chicago, West Pullman & Southern - South Chicago	-	-	-	.09	.09
Chesapeake & Ohio Ry. - Burnham	-	-	-	.17	.17
Total	22.08	20.40	3.21	27.20	72.89
Total Miles Operated	49.24	46.00	3.21	338.82	437.27

*Trackage Rights Not Exercised.

YARD TRACKS OWNED BY THE BELT RAILWAY CO. BUT NOT OPERATED

(Not included in above mileage)

Leased To	Location	Miles of Road
C.W.P. & S. R.R.	Warner Branch	1.46
C. & O. Ry. Co.	Rockwell St. Yard	10.91
	Total	12.37

TRackage RIGHTS GRANTED OTHER COMPANIES

Company	Location	Miles of Road
I.H.B.R.R.	Elsdon Branch	1.51
E.J. & E.Ry.	South Chicago to Mill Gate & South Deering	3.40
Chicago Short Line.	South Chicago to South Deering.	2.90
	Total	7.81

CARS HANDLED

Cars Handled by The Belt Railway Company of Chicago in its "Separate Operation"	1972		1971		Increase or (Decrease) Percent
	Number	Percent	Number	Percent	
INTERMEDIATE					
Loaded cars	169,218	26.48	180,449	26.20	(6.22)
Empty cars	154,873	24.23	159,584	23.18	(2.95)
LOCAL:					
Loaded cars	160,283	25.08	177,765	25.81	(9.83)
Empty cars	154,693	24.21	170,850	24.81	(9.46)
Total	639,067	100.00	688,648	100.00	(7.20)
TOTAL:					
Loaded cars	329,501	51.56	358,214	52.02	(8.02)
Empty cars	309,566	48.44	330,434	47.98	(6.32)
Total	639,067	100.00	688,648	100.00	(7.20)
Cars interchanged directly between Owner Roads at Clearing and other yards, being handled by The Belt Railway through those yards	221,315		250,304		(11.58)
Cars handled by Owner Lines in direct movement over Belt Railway Co. of Chicago	924,496		882,191		4.80
Total cars handled	1,784,878		1,821,143		(1.99)

Cars handled by Belt Railway Company covering "Separate Operations" traffic for the last five years were as follows:

Year	Intermediate		Local		Total
	Loaded	Empty	Loaded	Empty	Cars
1968	160,002	139,885	160,155	145,368	605,410
1969	208,924	163,257	190,844	173,742	736,767
1970	226,823	177,809	191,574	176,316	772,522
1971	180,449	159,584	177,765	170,850	688,648
1972	169,218	154,873	160,283	154,693	639,067

Cars handled by Belt Railway Company and Owner Line Companies covering "owner-to-owner" traffic for the last five years were as follows:

Year	Handled by Belt Railway	Handled by Owner Lines	Total Cars
1968	223,660	790,317	1,013,977
1969	288,929	801,497	1,090,426
1970	284,317	774,386	1,058,703
1971	250,304	882,191	1,132,495
1972	221,315	924,496	1,145,811

OPERATING EXPENSES

	1972	1971	Increase or (Decrease)
MAINTENANCE OF WAY AND STRUCTURES:			
Superintendence	\$ 235,530	\$ 213,876	\$ 21,654
Roadway maintenance	121,974	146,793	(24,819)
Bridges, trestles, and culverts	64,416	88,221	(23,805)
Ties	169,745	138,583	31,162
Rails	86,584	30,474	56,110
Other track material	141,030	127,204	13,826
Ballast	16,241	51,456	(35,215)
Track laying and surfacing	623,811	737,444	(113,633)
Fences, snowsheds, and signs	7,147	7,885	(738)
Station and office buildings	103,986	110,683	(6,697)
Roadway buildings	13,498	19,305	(5,807)
Water stations	393	1,409	(1,016)
Fuel stations	1,831	724	1,107
Shops and enginehouses	84,363	58,043	26,320
Communication systems	105,385	107,118	(1,733)
Signals and interlockers	462,994	442,681	20,313
Power plants	6,158	3,972	2,186
Power-transmission systems	9,304	9,954	(650)
Miscellaneous structures	9,432	8,052	1,380
Road property - Depreciation (Leased)	139	139	-
Road property - Depreciation (Owned)	173,277	172,517	760
Retirements - Road	10,891	Cr. 16,683	27,574
Roadway machines	16,693	27,818	(11,125)
Dismantling retired road property	16,014	9,371	6,643
Small tools and supplies	46,375	41,990	4,385
Removing snow, ice, and sand	115,453	70,644	44,809
Public improvements - Maintenance	16,301	27,828	(11,527)
Injuries to persons	20,631	24,573	(3,942)
Insurance	46,641	39,052	7,589
Stationery and printing	4,427	3,718	709
Employees health and welfare benefits	100,690	74,524	26,166
Right-of-way expenses	-	372	(372)
Other expenses	446	1,779	(1,333)
Maintaining joint tracks, yards and other facilities - Dr.	72,409	91,655	(19,246)
Gross total	\$2,904,209	\$2,873,174	\$ 31,035
Maintaining joint tracks, yards and other facilities - Cr.	1,036,913	951,842	85,071
Net - Belt Railway - Separate operation	\$1,867,296	\$1,921,332	\$ (54,036)
Ratio to operating revenues	13.36	12.93	.43

OPERATING EXPENSES - CONTINUED

	1972	1971	Increase or (Decrease)
MAINTENANCE OF EQUIPMENT:			
Superintendence.	\$ 94,084	\$ 84,680	\$ 9,404
Shop machinery	9,727	5,167	4,560
Power-plant machinery.	3,627	5,463	(1,836)
Shop and power plant machinery Depreciation (Owned)	14,330	14,234	96
Diesel locomotives - Repairs	961,108	872,037	89,071
Freight-train cars - Repairs	512,278	543,982	(31,704)
Work equipment - Repairs	16,206	12,842	3,364
Miscellaneous equipment - Repairs.	36,144	35,242	902
Dismantling retired equipment (Owned).	45	133	(88)
Equipment - Depreciation (Owned)	277,552	289,519	(11,967)
Injuries to persons.	11,862	18,966	(7,104)
Insurance.	73,348	65,720	7,628
Stationery and printing.	3,587	4,032	(445)
Employees health and welfare benefits.	60,809	46,274	14,535
Joint maintenance of equipment expenses - Dr.	92,360	96,546	(4,186)
Other expenses	1,042	1,739	(697)
Gross total.	\$2,168,109	\$2,096,576	\$ 71,533
Joint maintenance of equipment expenses - Cr.	271,110	259,371	11,739
Net - Belt Railway - Separate operation	\$1,896,999	\$1,837,205	\$ 59,794
Ratio to operating revenues.	13.58	12.36	1.22
TRAFFIC:			
Superintendence.	\$ -	\$ 43	\$ (43)
Advertising.	872	4,801	(3,929)
Stationery and printing.	8,367	6,206	2,161
Employees health and welfare benefits.	-	81	(81)
Gross total.	\$ 9,239	\$ 11,131	\$ (1,892)
Charged to Owner Line operation.	274	1,143	(869)
Net - Belt Railway - Separate operation	\$ 8,965	\$ 9,988	\$ (1,023)
Ratio to operating revenues.	.06	.07	(.01)

OPERATING EXPENSES - CONTINUED

	1972	1971	Increase or (Decrease)
TRANSPORTATION - RAIL LINE:			
Superintendence.	\$ 480,830	\$ 450,872	\$ 29,958
Dispatching trains	126,001	125,119	882
Station employees.	852,154	884,898	(32,744)
Weighing, inspection, and demurrage bureaus.	5,886	5,486	400
Station supplies and expenses.	31,678	39,196	(7,518)
Yardmasters and yard clerks.	845,704	724,055	121,649
Yard conductors and brakemen	2,746,348	2,585,748	160,600
Yard switch and signal tenders	685,051	587,659	97,392
Yard enginemen	1,806,328	1,887,312	(80,984)
Yard switching fuel.	298,131	309,642	(11,511)
*Water for yard locomotives	-	1,162	(1,162)
*Lubricants for yard locomotives.	-	50,910	(50,910)
*Other supplies for yard locomotives.	-	35,749	(35,749)
Enginehouse expense - Yard	291,825	286,813	5,012
Yard supplies and expenses	935,000	828,622	106,378
Crossing protection.	9,643	16,782	(7,139)
Communication system operation	42,600	37,906	4,694
Employees health and welfare benefits.	481,066	367,553	113,513
Stationery and printing.	41,962	45,875	(3,913)
Other expenses	3,373	9,209	(5,836)
Insurance.	121,408	161,575	(40,167)
Clearing wrecks.	80,058	80,077	(19)
Damage to property	17,230	88,225	(70,995)
Loss and damage - Freight.	197,828	243,211	(45,383)
Injuries to persons.	291,562	222,861	68,701
Operating joint yards and terminals - Dr.	405,496	433,641	(28,145)
Gross total.	\$10,797,162	\$10,510,158	\$ 287,004
Operating joint yards and terminals - Cr.	1,996,486	1,819,289	177,197
Net - Belt Railway - Separate operation	\$ 8,800,676	\$ 8,690,869	\$ 109,807
Ratio to operating revenues.	62.98	58.46	4.52

*Accounts reclassified Yard supplies and expenses in 1972 by the I.C.C.

OPERATING EXPENSES - CONCLUDED

	1972	1971	Increase or (Decrease)
GENERAL:			
Salaries and expenses of general officers.	\$ 395,898	\$ 313,100	\$ 82,798
Salaries and expenses of clerks and attendants.	559,581	561,784	(2,203)
General office supplies and expenses.	299,790	229,134	70,656
Law expenses.	85,251	75,307	9,944
Insurance	593	1,132	(539)
Employees health and welfare benefits.	65,253	40,032	25,221
Pensions.	89,366	79,254	10,112
Stationery and printing	30,152	37,750	(7,598)
Other expenses.	28,251	31,473	(3,222)
General joint facilities - Dr.	6,474	9,098	(2,624)
Gross total	\$ 1,560,609	\$ 1,378,064	\$ 182,545
General joint facilities - Cr.	490,358	369,469	120,889
Net - Belt Railway - Separate operation.	\$ 1,070,251	\$ 1,008,595	\$ 61,656
Ratio to operating revenues	7.66	6.78	.88
Total operating expenses.	\$17,439,328	\$16,869,103	\$ 570,225
Total joint facility - credits	3,795,141	3,401,114	394,027
Total operating expenses - Belt Railway - Separate operation . .	\$13,644,187	\$13,467,989	\$ 176,198
Ratio to operating revenues	97.64	90.60	7.04
Operating revenue per car	\$ 21.867	\$ 21.587	\$.280
Operating expense per car	\$ 21.350	\$ 19.557	\$ 1.793

REPORT OF CHIEF ACCOUNTING OFFICER

The statements included in this report have been prepared from records maintained under my supervision and to the best of my knowledge and belief set out the amounts shown in accordance with principles and methods of accounting prescribed or authorized by the Interstate Commerce Commission.

As of December 31, 1972, The Belt Railway Company has claims of \$83,627 and \$357,986 against the Erie Lackawanna Railway Company and the Penn Central Company respectively, which are subject to handling under Section 77 of the Bankruptcy Act.

R. G. RUBINO

Vice President and
Chief Accounting Officer

Chicago, Illinois

March 2, 1973